

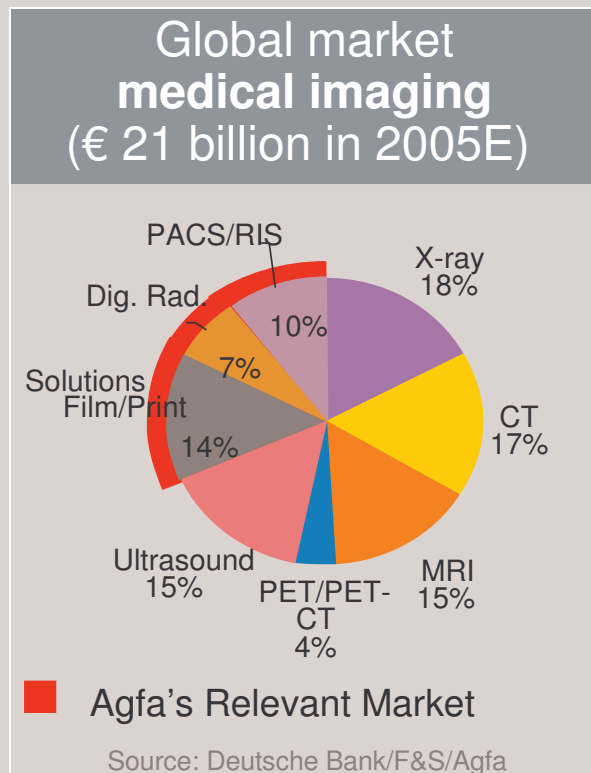
Breakthrough Solutions

Analyst Presentation
RSNA 2006
November 28, 2006

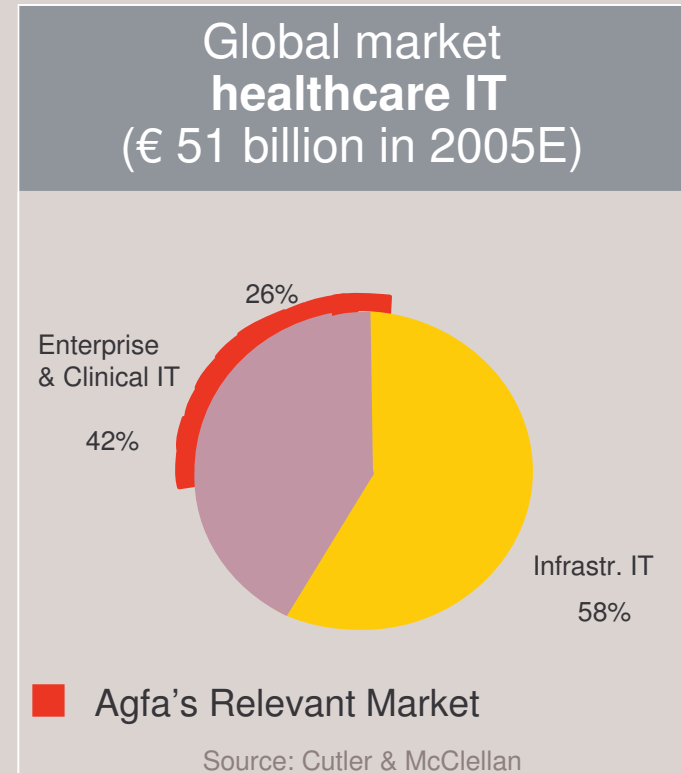
Agenda

- Introduction
Philippe Houssiau, President
- Agfa HealthCare Americas: focus on US transformation
Bob Pryor, President, Americas
- How Imaging Saves Lives
Dr. Meg Richman, Vice Chairman Education,
Director of Thorton Radiology, University of California San Diego
- Questions for Dr. Richman
- Agfa HealthCare divisions: building an integrated portfolio
Andrea Fiumicelli, Global Vice President IT Solutions &
Luc Thijs, Global Vice President Imaging Solutions
- Agfa HealthCare: the next frontier
Philippe Houssiau, President
- Questions & Answers

Medical Imaging & HC IT – growing business



- ➔ Traditional habitat of Agfa
- ➔ Relevant market of € 6.5 billion or 31% of the total medical imaging market

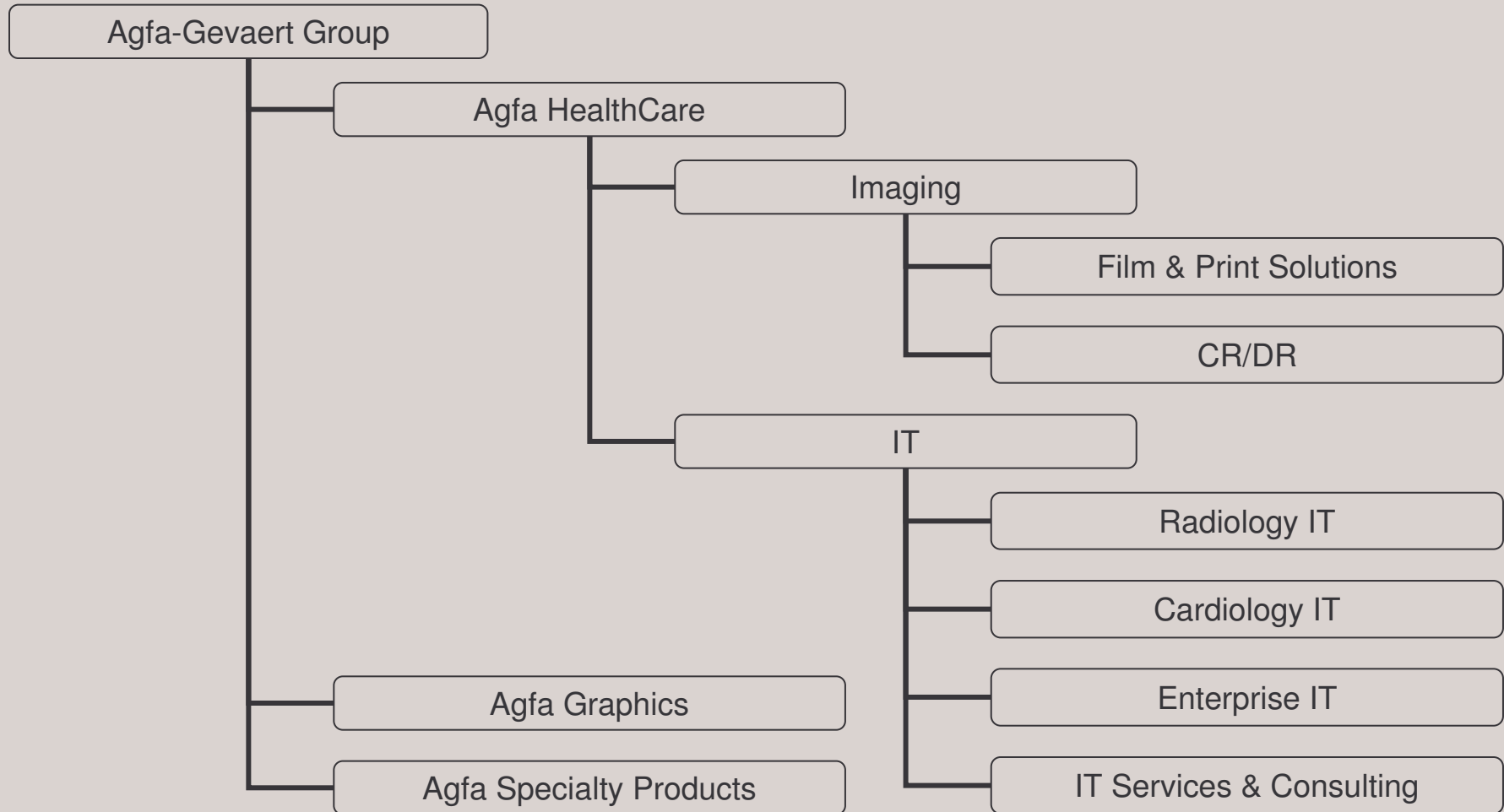


- ➔ In 2004, Agfa decided to enter a market twice as large as its “traditional” one
- ➔ Relevant market of € 13 billion or 26% of the total healthcare IT market

Agfa HealthCare delivers on its vision



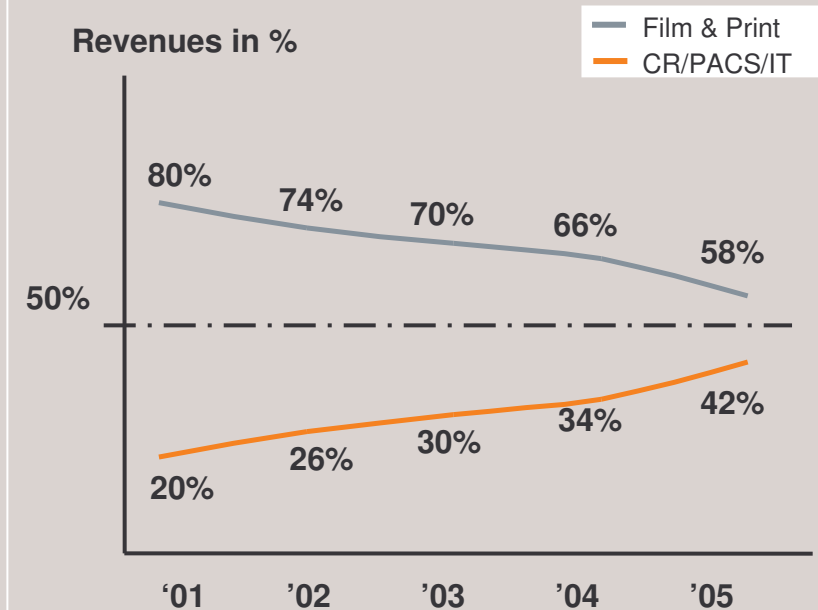
Structure supports strategy



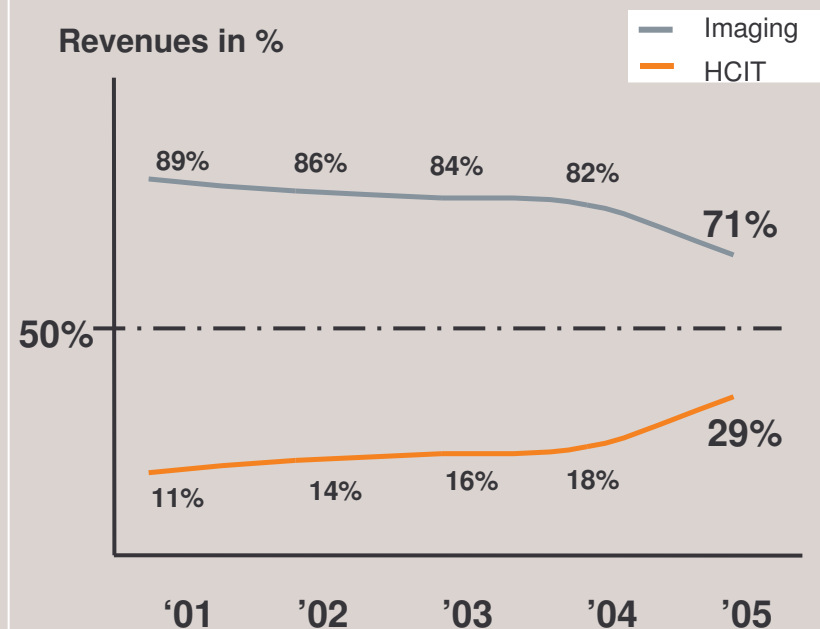
Autonomous organizational structure to support our vision

Agfa HealthCare delivers on its vision

Softcopy



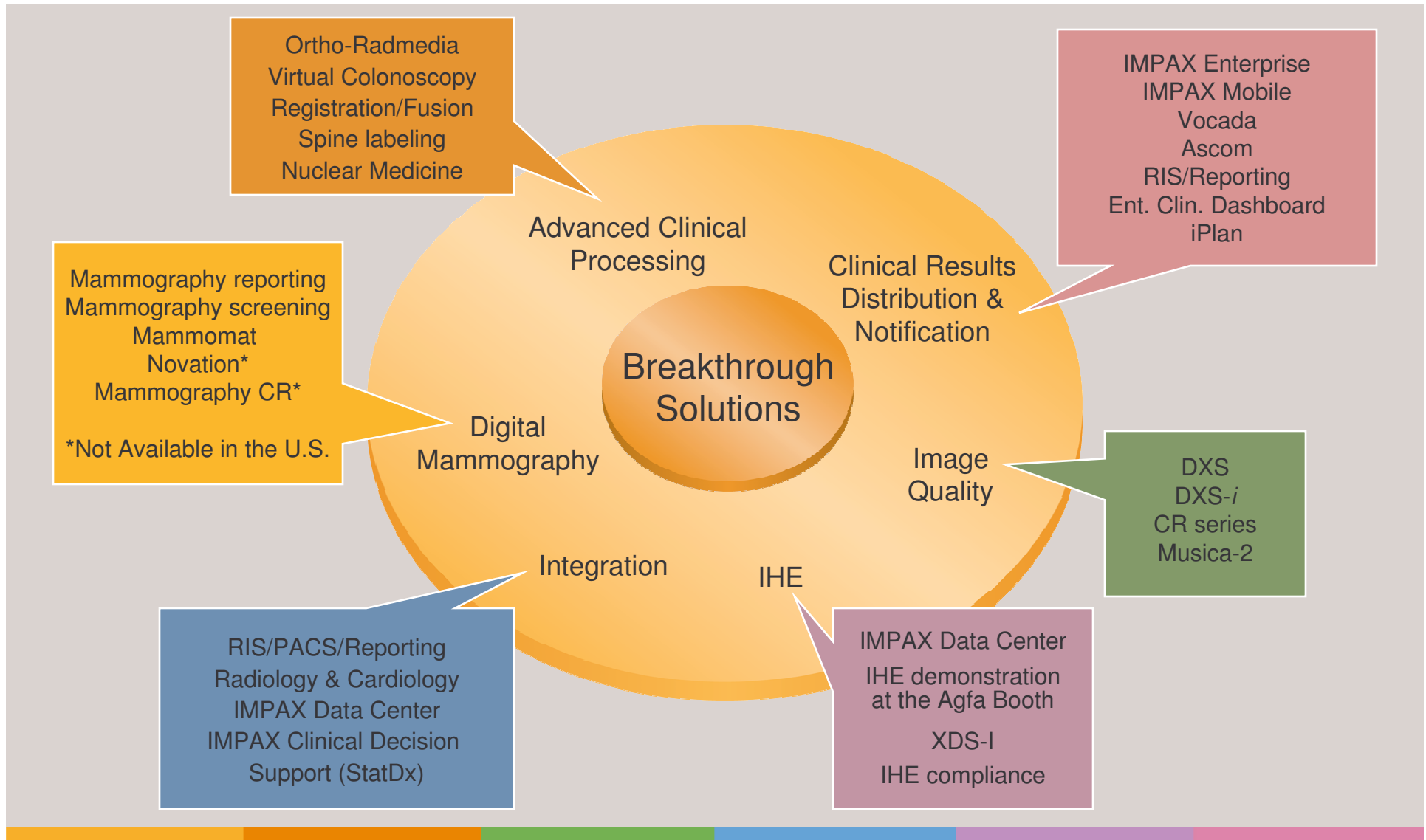
Healthcare IT



➡ Leading the transformation: analogue ➡ digital ➡ IT

Agfa HealthCare's core business has evolved to digital and IT

RSNA '06 – continue Breakthrough Solutions



Focus on USA

Business Transformation

Bob Pryor
President, Americas

USA: Business transformation 2004 - 2006

- Market situation
- Response
- Results

USA: Pressure & shifts in traditional segments

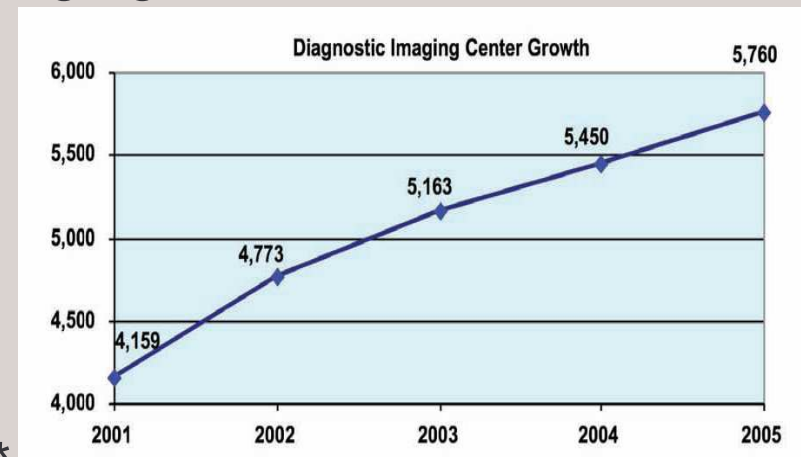
Market situation from 2004-2006:

- Film: declining business
- Acute-care PACS:
 - Saturation in University Hospital segment (M1) and Integrated Delivery Network (M2) segments: est. >80 penetration%
 - Shift from radiology-centric PACS to single diagnostic imaging enterprise-wide PACS incl. cardio, orthopaedics, women's care...
 - Shift to integrated RIS/PACS

USA: Different segments emerge

Market situation from 2004-2006:

- Ambulatory-care PACS:
 - Community Hospital (M3) and Imaging Centers (M4) present largest opportunity and growth
 - 2004 – 2006 CAGR in M3 Acute Care Market: 26 %*
 - 2004 – 2006 CAGR in M4 Imaging Center Market: 63%*
- Shift to integrated RIS/PACS



*Market Data Source: Frost and Sullivan Turnkey PACS Radiology 2006 Report

USA: Sales & distribution channels consolidate

Market situation from 2004-2006:

- Sales channels:
 - Shift to indirect channels for film, print and standard CR
 - Major channel consolidation
 - Nov '05: Merry X-Ray Corporation acquires SourceOne
 - Sept '06: Owens & Minor acquires McKesson Medical - Surgical acute care assets
 - Group Purchasing Organizations

USA: Transformation

Our response:

Assessed organizational capability; took action

1. Infrastructure

- Renewed and reinforced leadership & organization
- Replaced and invested in different profiles and training

2. Portfolio

- Renewed and expanded portfolio
- Re-focusing to target attractive segments

3. Established new sales channels

- Renewed Agfa sales force and changed/modified sales process
- Established new channel strategy for CR/PACS
- Enlarged and modified dealer/distributor channels

USA: Expanded portfolio successful

The results

- RIS/PACS/Reporting for acute and ambulatory care
 - Gaining market share in PACS
 - MD Buyline ratings rank Agfa HealthCare PACS #2, with service and support ranked #1*
 - Agfa HealthCare in 7 out of “10 most wired hospitals” **
 - # 1 position in Department of Defense PACS market
- Cardiology
 - Number 1 in KLAS rankings
- Orthopaedics - successful entry
- Professional Services

*MD Buyline Nov. '06 Report; ** Health Imaging & IT Magazine

USA: expanded portfolio successful

The results

- CR/DR:
 - Unit volume up significantly
 - Gained position on Novation and Amerinet (Quantum) GPO contracts
 - Frost & Sullivan reports Agfa's DX-S & CR 85 most innovative products for 2006
- Film Print Systems:
 - Gained market share in both dry media and mammography
 - Extended Premier contract

How Agfa HealthCare Helps Me Save Lives

The Role of Integrated IT

Dr Meg Richman
University of California San Diego
Vice Chair of Education
Director of Thornton Radiology

Divisions

Agfa HealthCare

Andrea Fiumicelli
Global Vice President, IT
Luc Thijs
Global Vice President, Imaging

Agfa HealthCare

HealthCare IT

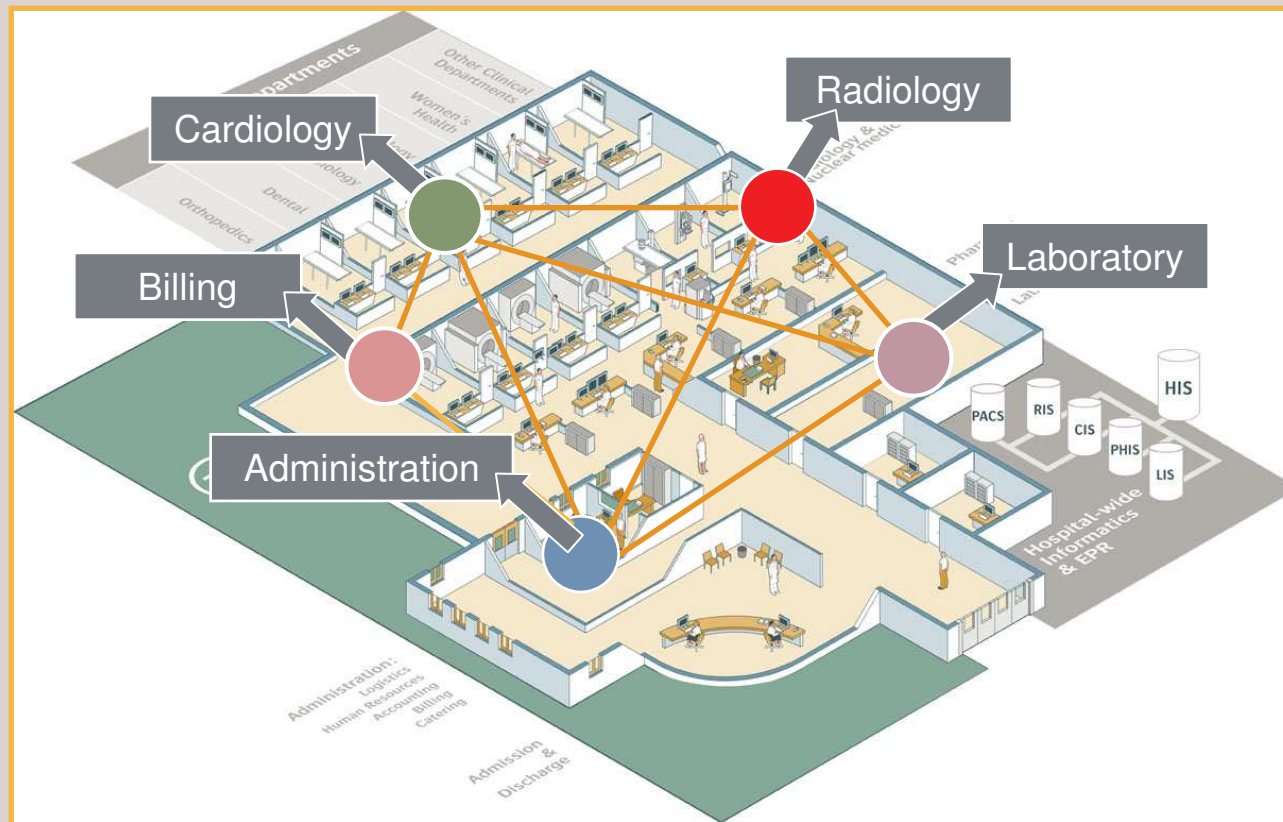
Healthcare paradigm shift - our role

Shift from fragmented to integrated workflow means

- Moving towards continuum of care
- Convergence of data points and information (includes images)
 - requires scattered, unstructured clinical and administrative data to be structured
 - requires structured, clinical, process-oriented information and knowledge to be extracted
- Our solution enables evidence-based medicine by extracting structured evidence from scattered unstructured data and delivering
 - clinical knowledge management
 - process automation
 - streamlined workflows
 - overall improved effectiveness and efficiency

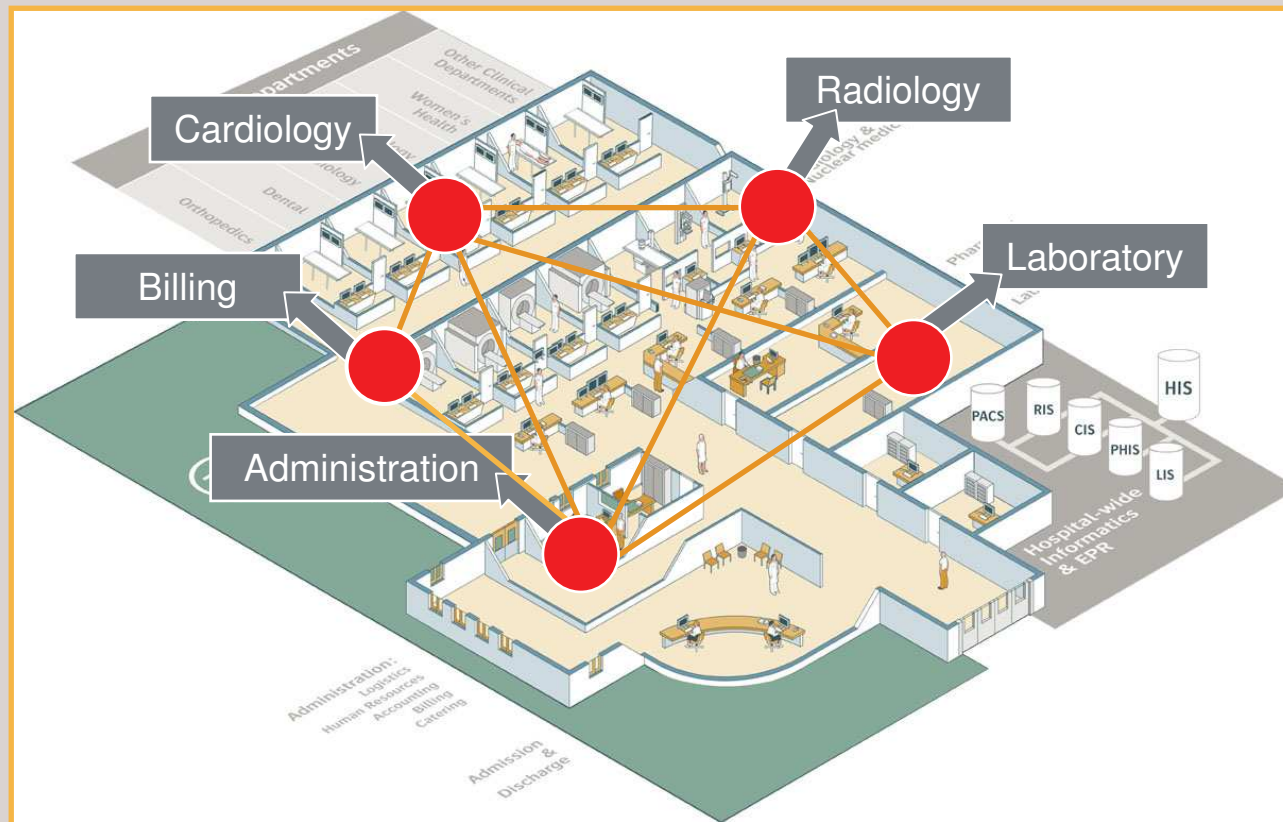
IT: Value of connected systems higher than sum of individual parts

- Different systems with peer to peer connectivity



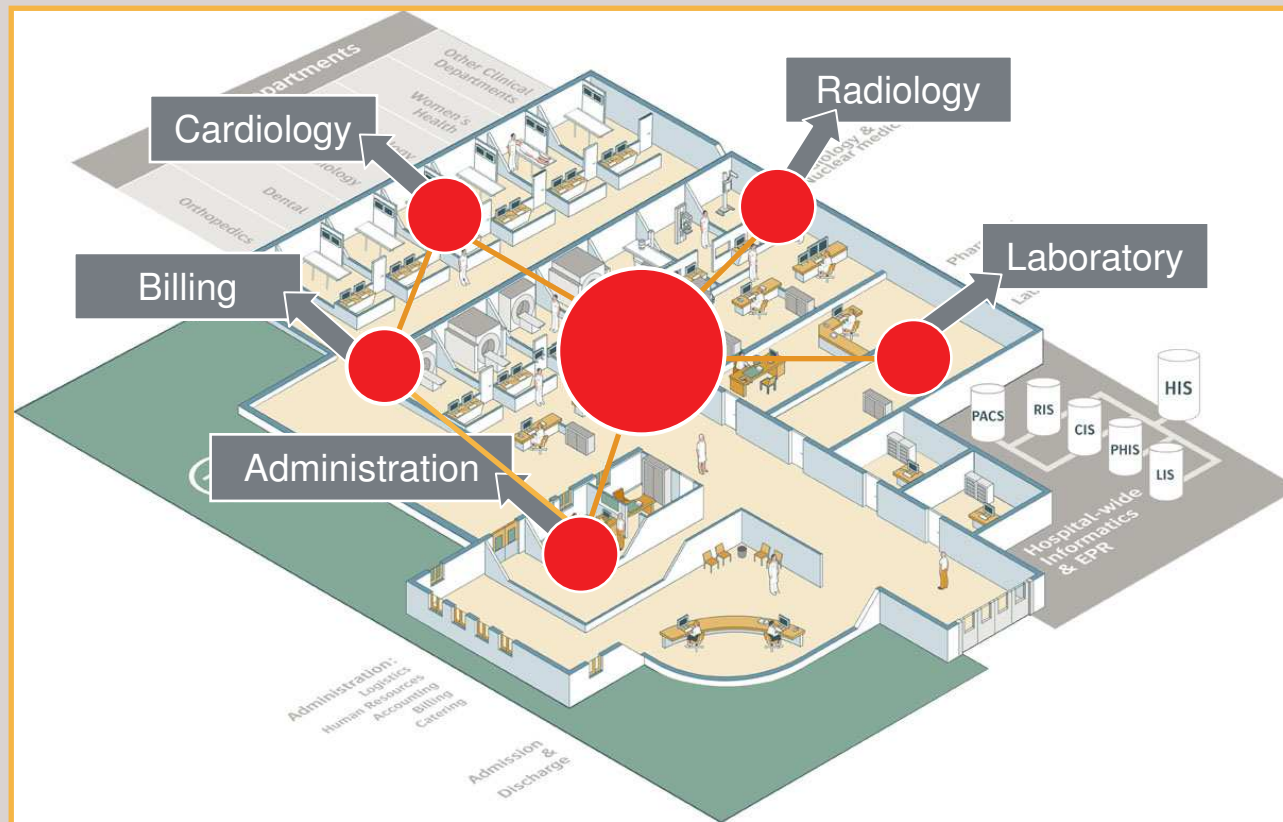
IT: Value of connected systems higher than sum of individual parts

- Convergence of systems



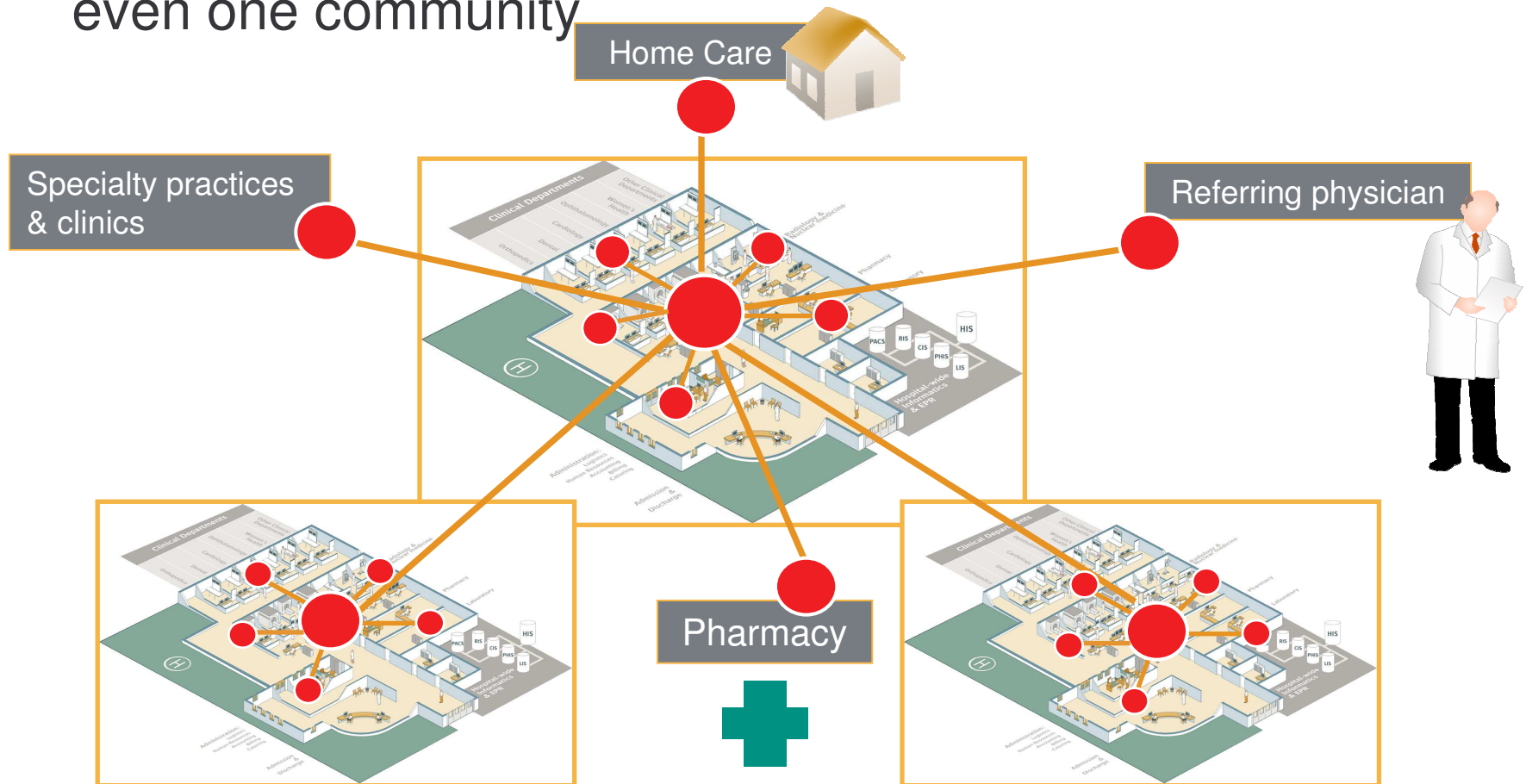
IT: Value of connected systems higher than sum of individual parts

- Fully integrated enterprise system



IT: Value of connected systems higher than the sum of individual parts

- Extrapolation beyond the borders of one facility or even one community



Agfa HealthCare IT strategy: Two pillars

- **Imaging IT** with integrated solutions
- **Enterprise IT** with two options for implementation

Germany: deploying fully integrated IT suite

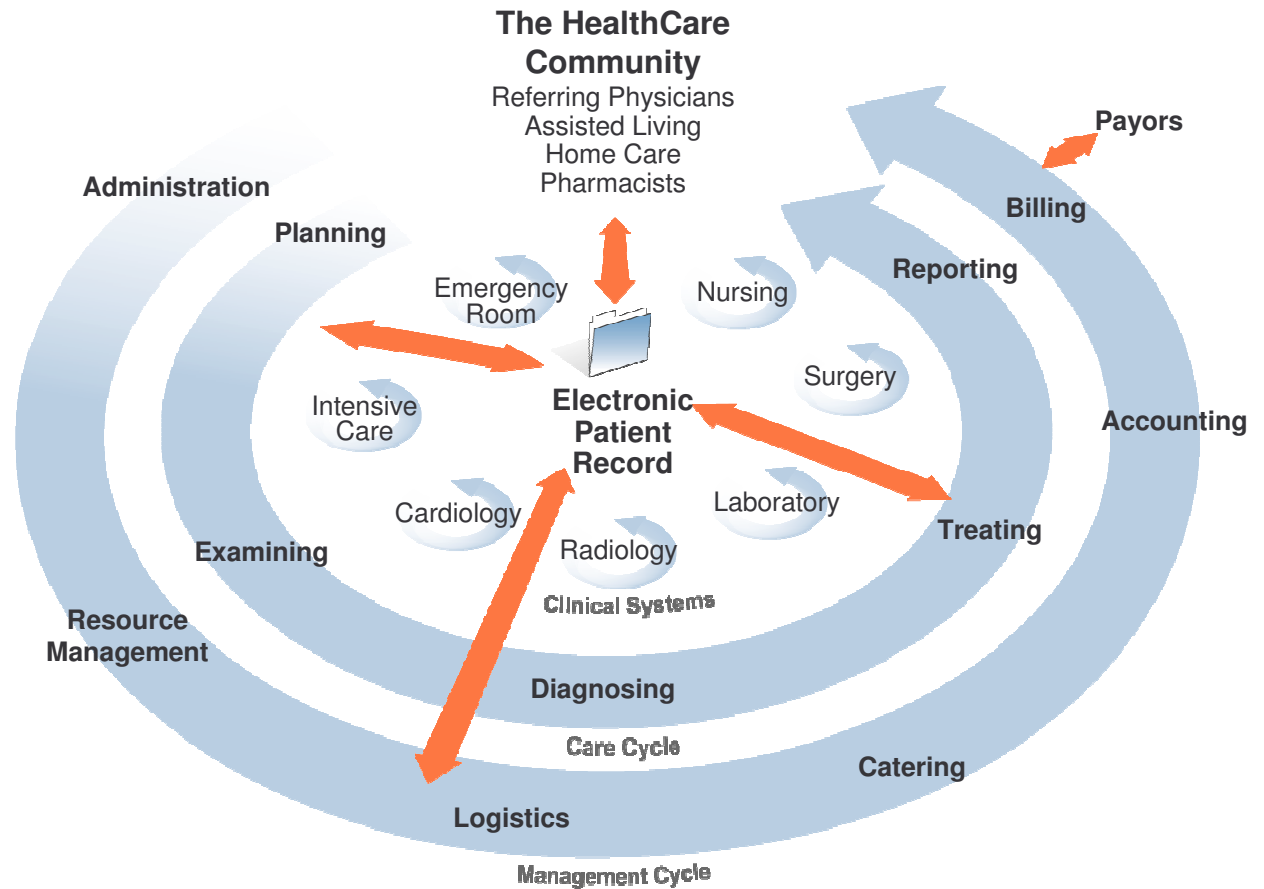
HealthCare Facilities

Both for care cycle and management cycles

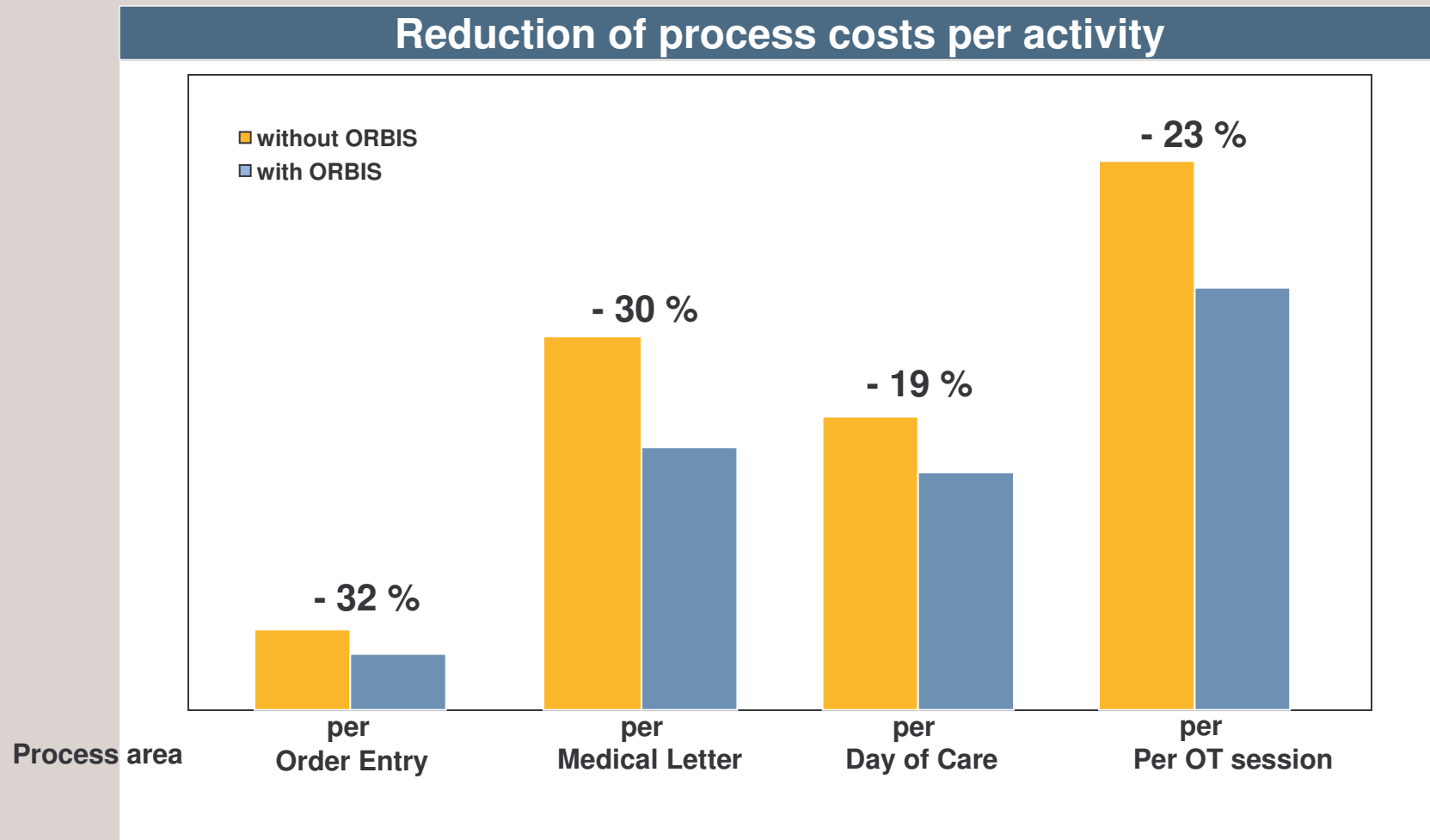
ORBIS is operational in

- 750 hospitals
- 450,000 daily users

With single database,
ONE software release



Significant reduction of process costs after introduction of ORBIS®



(Source: Agfa-commissioned study by Accenture)

Agfa HealthCare business model

Flexible value proposition through **adaptive model**

- Growth & expansion – growing 2x market growth
 - Geographical expansion – 2006 ORBIS expansion doubled number of countries; 27% YTD growth in order intake
 - Entering new market segments
 - Horizontal expansion, i.e. breakthrough solutions, ICU, IMPAX Clinical Applications, IMPAX Mobile
- Recurring revenue:
 - License upgrading - more than 3000 Agfa HealthCare IT customers
 - Service Maintenance Agreements:
1/3 of IT revenues; +20 %, 9 mos 2006 vs 9 months 2005
- Operational excellence

Conclusion

- Strategy is clearly defined:
 - Integrated IT solutions which facilitate healthcare transformation, from fragmented workflows to integrated workflows and evidence-based medicine
- Business model is flexible & adaptable to country markets
- We are delivering

Agfa HealthCare

HealthCare Imaging

Medical film: Challenges & opportunities

- World film market declines with 5 to 7% in volume
 - US and western Europe declining
 - Latin America, Asia and Eastern Europe still growing
- Price erosion
 - Most explicit in the US due to GPO structure (e.g. renewal of Novation)
- Increasing cost of raw materials
 - Evolution of silver price - not expected to return to historical lows
- Consolidation of the medical film industry

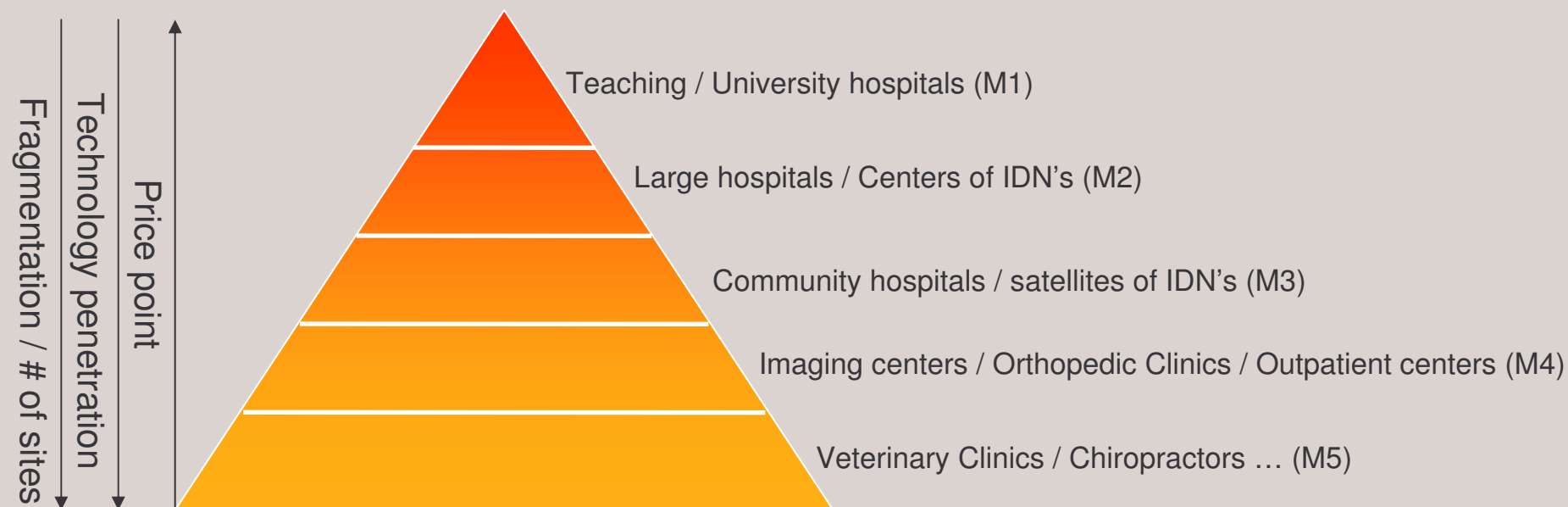
Response: Maximize BU contribution

- Capturing market share from competitors
 - Gained >1% of global hardcopy film market share in '06
- Consecutive waves of price increases in geographies
 - Latin America, Western Europe, Oceania
- Market introduction of lower cost screen film
- Portfolio rationalization
- Limiting R&D
- Restructuring production

Digital radiography market expanding

- Acceptance of digital mammography application via CR
 - USA – FDA
 - Europe – EUREF
 - CR complementing DR in mammography
- Advent of ‘entry level CR’ technologies
 - Decrease of investment threshold
 - Use of CR outside of traditional hospital environment
 - Imaging centers
 - Orthopedic centers
 - Veterinary centers
- Provides extra boost to hardcopy film business
 - 65% of CR systems consume film

CR expansion towards 'base' of pyramid

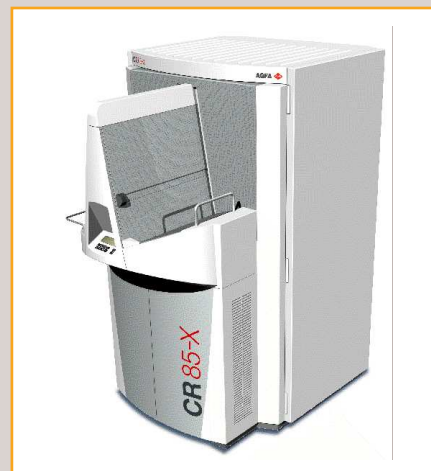


(units)	X-ray radiography systems		
	in-hospital	non-hospital	total
USA	16,500	30,000	46,500
France	3,000	1,400	4,400
Germany	4,900	5,250	10,150
Spain	2,100	1,000	3,100

Estimations, different sources and dates (>2000)

Growth strategy for digital radiography business

- Strongest portfolio ever
 - Result of mio. €100 R&D investment over 3 years
 - CR's leading innovator
 - CR for mammography launched in Q2, 2006 outside USA
 - CR30-X entry level system launched in Q4, 2006
 - DX-S and needle IP technology blurring lines between CR and DR
 - MUSICA² image processing and NX operating software



In The Future...

e-volving to e-health

The Next Frontier

Philippe Houssiau
President

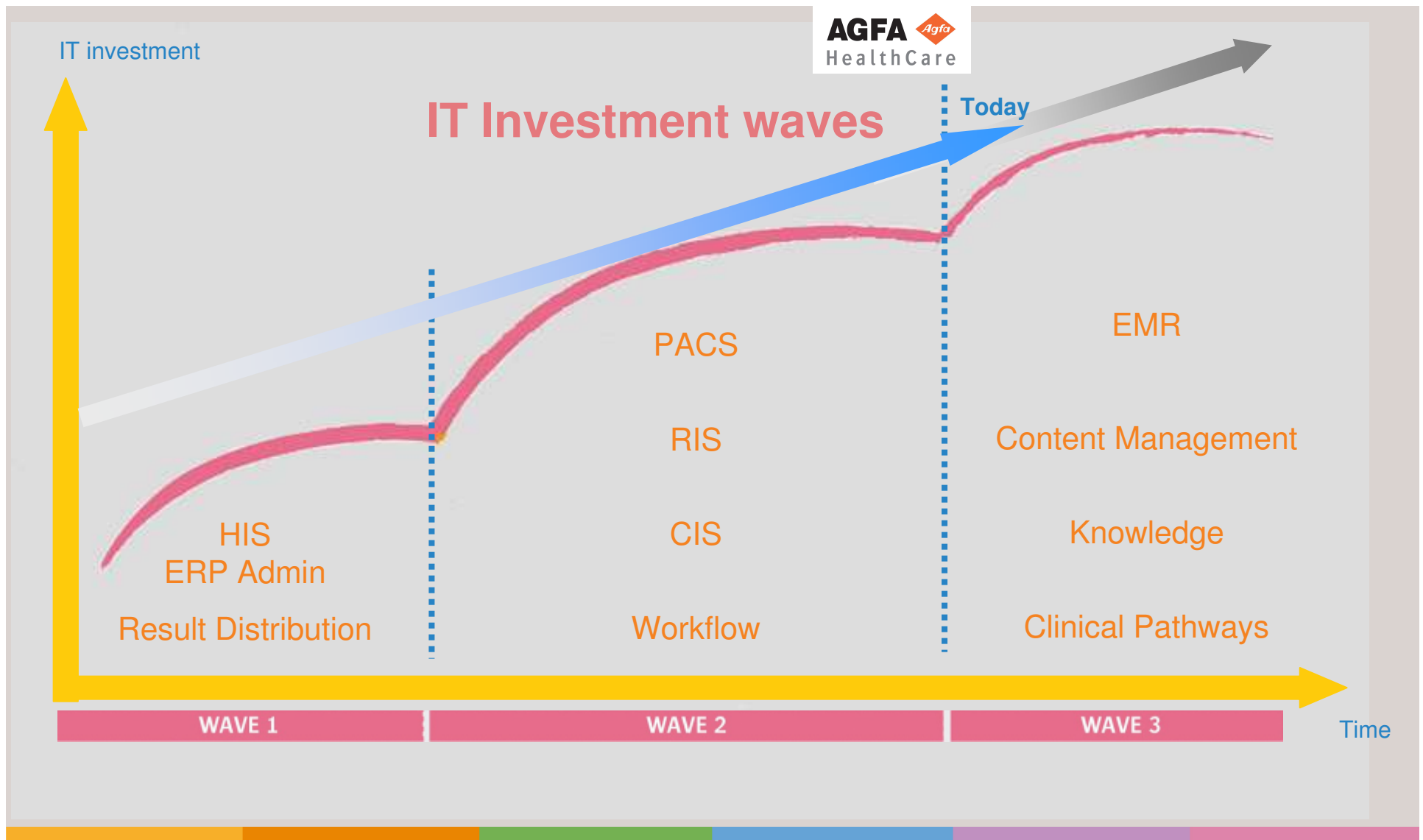
Agfa HealthCare's vision & strategy

**Deliver innovation & efficiency
to the continuum of care**

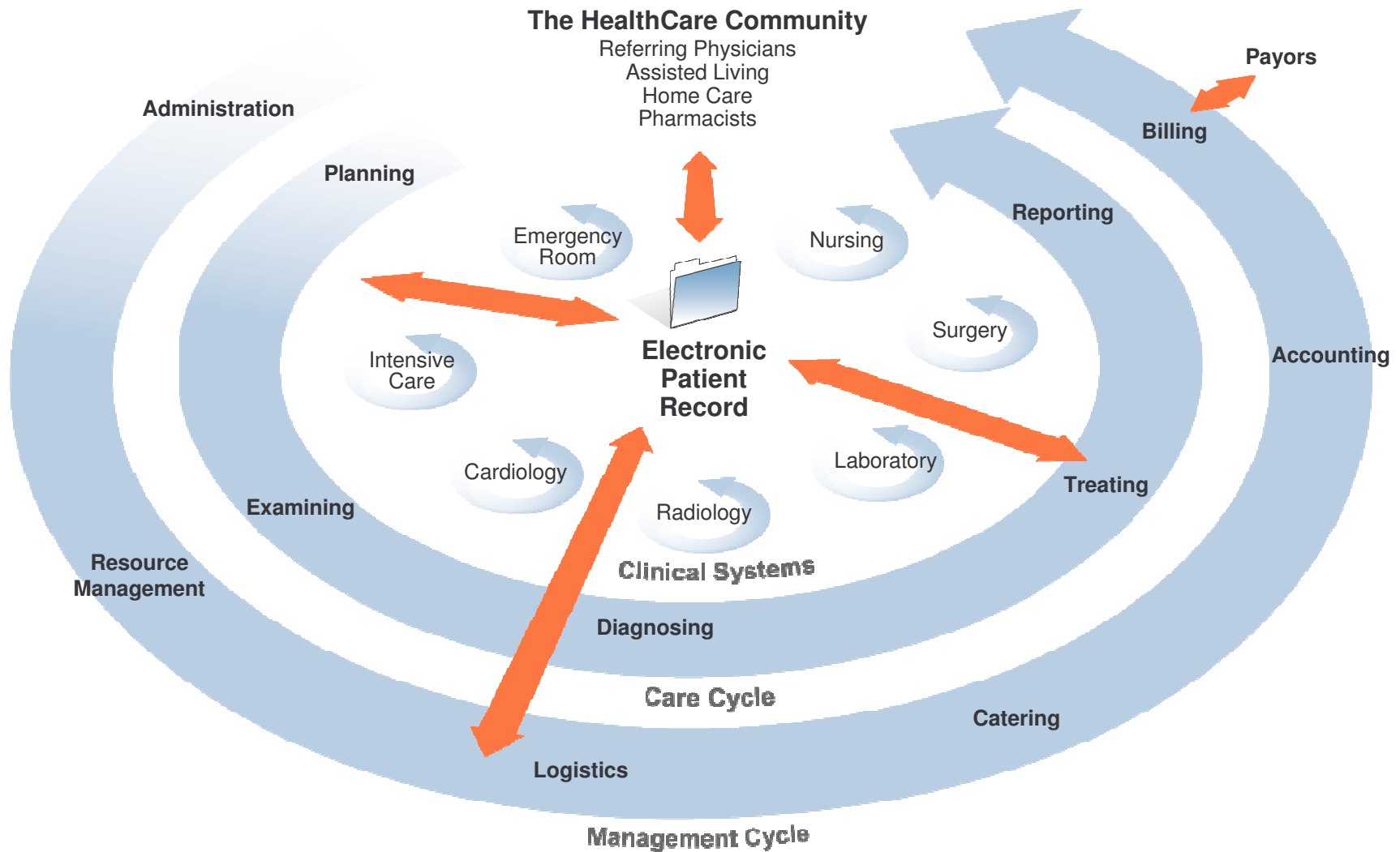
Clear focus on:

- **Strategy implementation**
- **Next generation healthcare management requirements**

Addresses next wave of healthcare delivery



Convergence into Electronic Patient Record



Paradigm shift of decisions

Critical point of decision making:

→ Countries

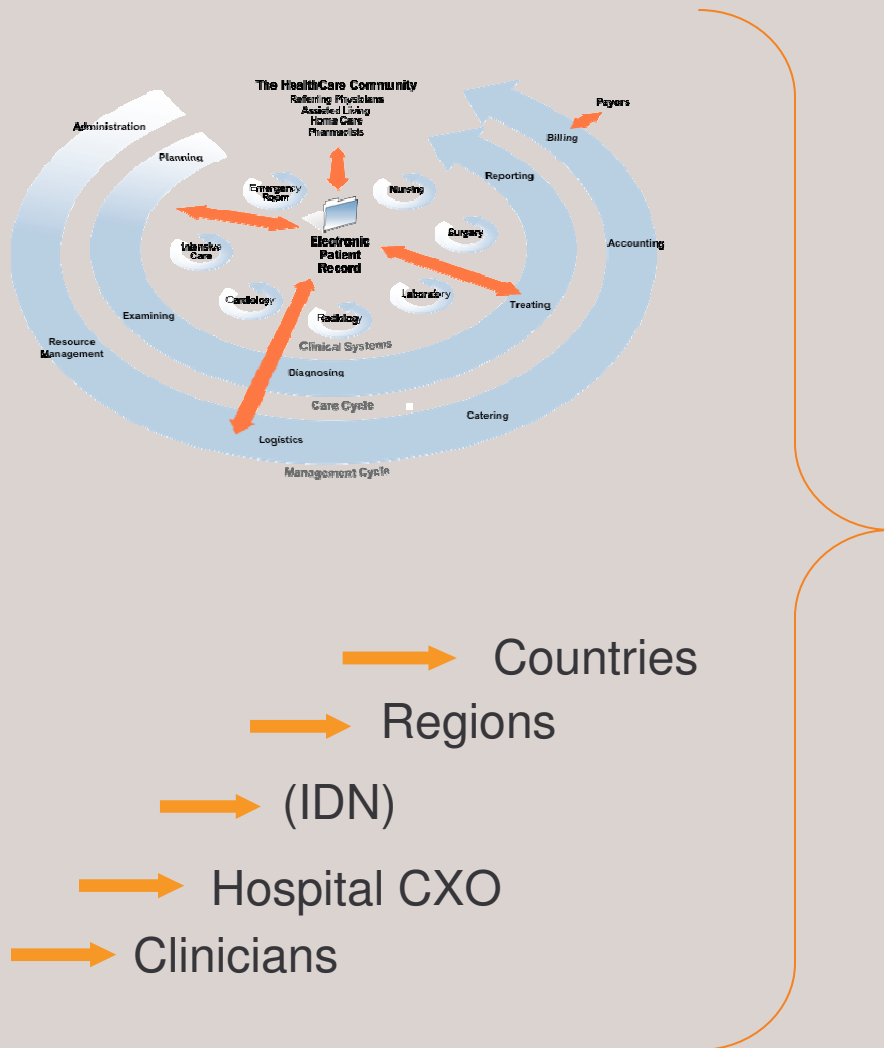
→ Regions

→ Integrated Delivery Networks (IDN)

→ Hospital CEOs/CFOs/CIOs

→ Clinicians

Resulting in multi-dimensional convergence



Agfa HealthCare solutions

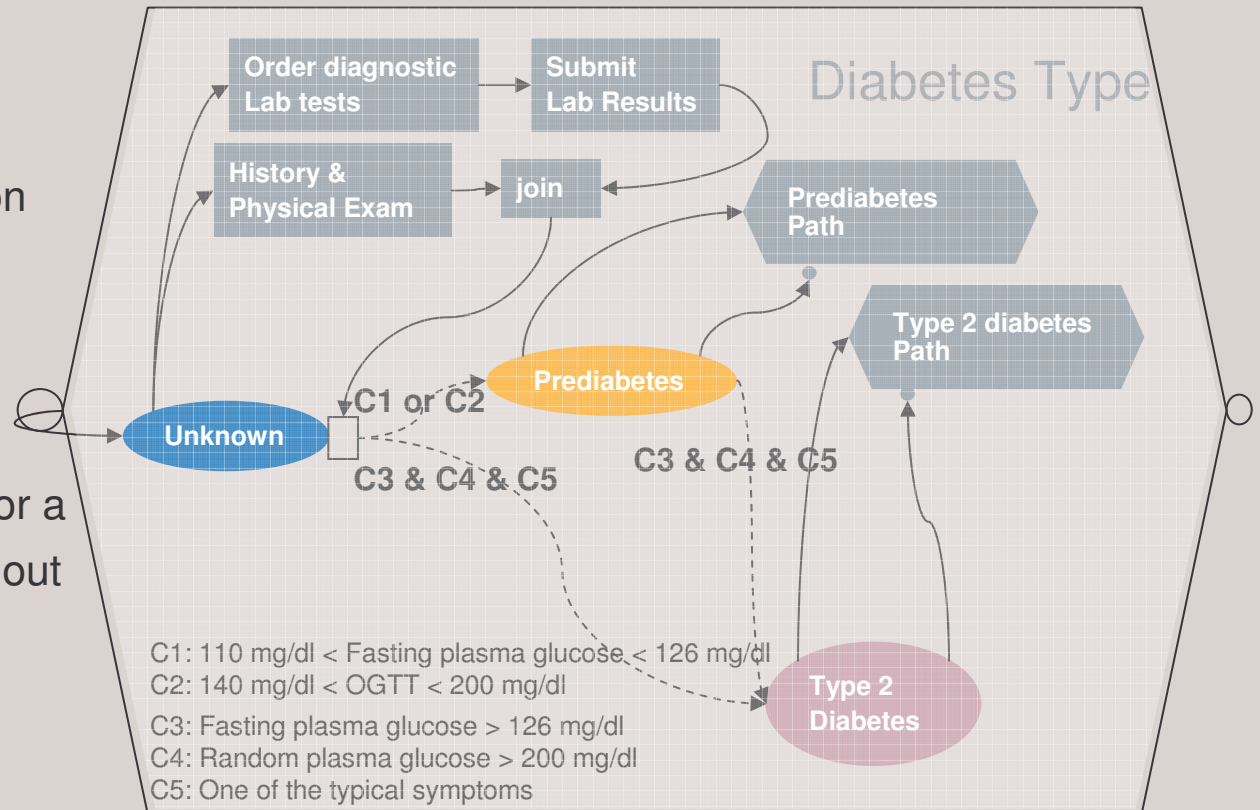
- Image processing
- Mammography solutions
- Digital Radiography
- IMPAX RIS/PACS/Reporting
- IMPAX Enterprise
- IMPAX Clinical Applications
- IMPAX Mobile
- ORBIS
- Clinical data center, e.g. NHS
- Multi-site patient identity management (MPI)
- Resource Planning & Scheduling
- Clinical Point-of-Access
- Data security
- ORBIS in regions
- Reg./National breast screening

Leading to the next wave: Clinical Pathways

On the basis of

- EPR
- Clinical protocols tailored to the healthcare institution
- Decision support

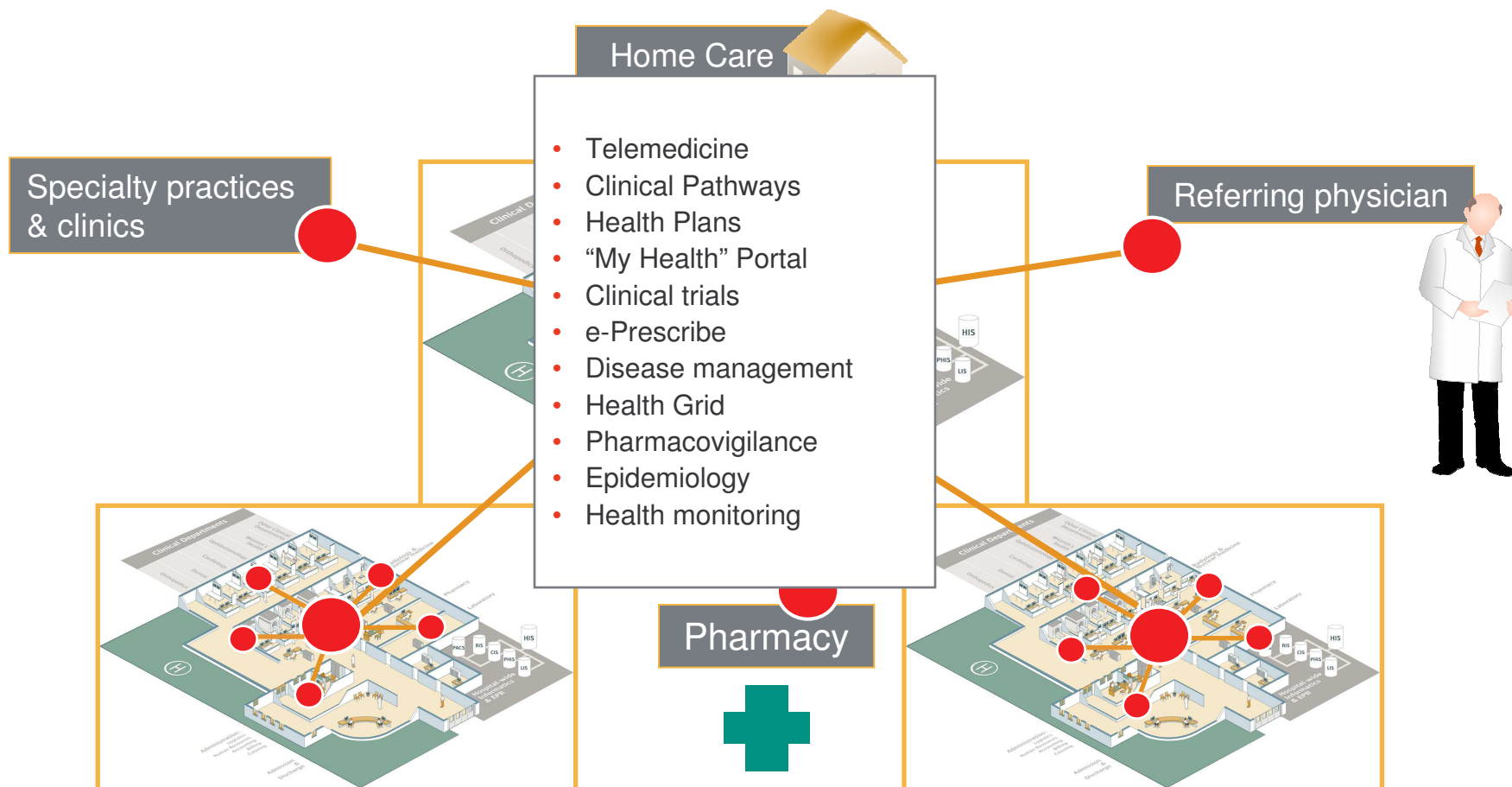
- ➡ Clinicians draw the map for a patient's pathway throughout diagnosis, treatment, monitoring & care



➡ In other words, clinical pathways are the GPS of the healthcare process

Extrapolation into the continuum of care

Next generation of services and applications



Agfa HealthCare Continues the Breakthrough

- Vision is sound
- Strategies are in place
- Execution on track and...

More to do...

More to gain

“The best way to **predict the**
future is to **create** it”.

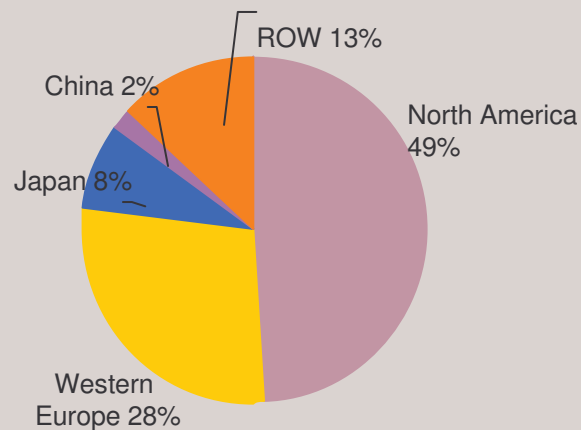
Peter Drucker

Addendum

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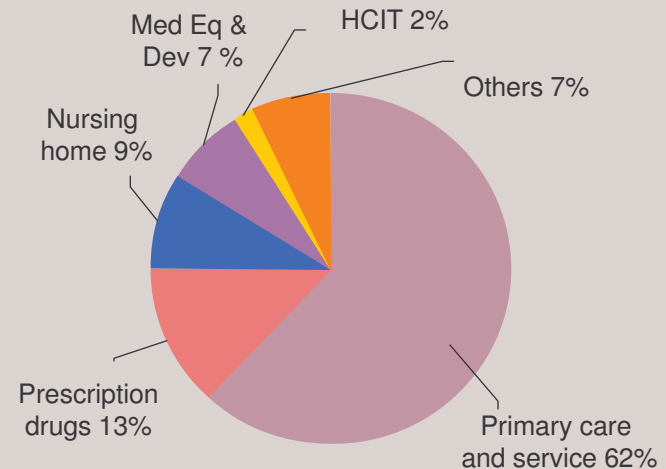
Global healthcare market - big opportunities

Geographic breakdown of
global healthcare spending
(\$3,300 billion)



Source: Medistat

Breakdown of
Healthcare costs by
spending category in the US



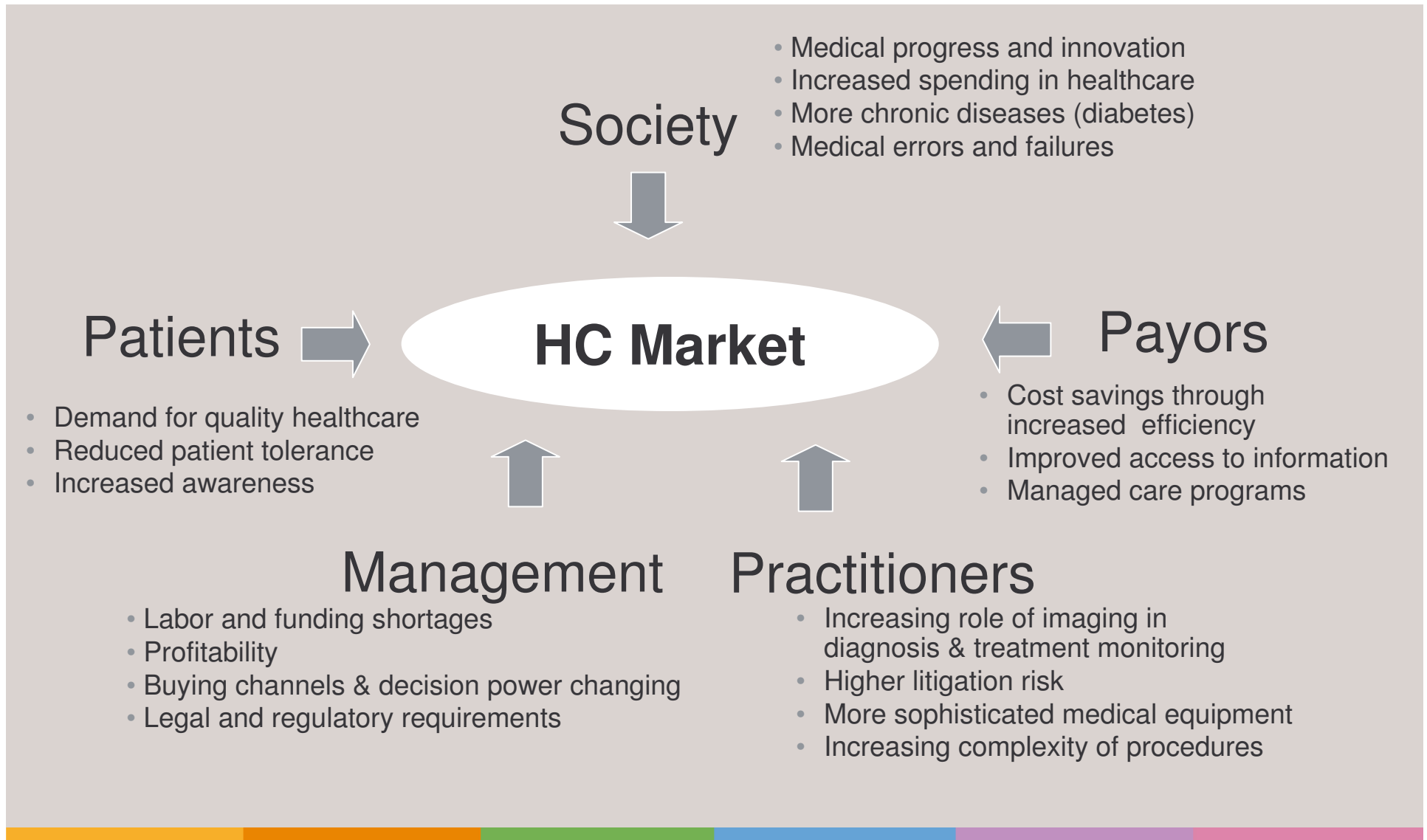
Source: Cutler & McClellan

- ➔ World healthcare industry: \$3,300 billion
- ➔ North America is single largest market

- ➔ Agfa targets the Medical Equipment and the Healthcare IT market
- ➔ These markets represent 9% of total Healthcare market

On average, Healthcare spending grows 5% per year

Healthcare market under pressure



Healthcare paradigm shift

	Today		Tomorrow
Workflow	Fragmented	→	Integrated & automated
Diagnosis & Treatment	Invasive, often acute	→	Less invasive, image-based, lifetime care
Focus	Provider centric	→	Patient centric
Follow-up	Hospital based	→	Decentralized, community based

→ Patient centric continuum of care reaches beyond the hospital

→ Shift to decentralized model is enabled by IT